HEALTH CARE GMAP

Government Management, Accountability and Performance Reporting

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Health and Recovery Services Administration, DSHS
October 19, 2006

HRSA INITIATIVES: **Improve quality of care and contain costs**

We will . . .

■ Implement ProviderOne; redesign business practices.
■ Implement 2005-07 Medicaid cost-containment initiatives.
■ Implement ESI (Employer-Sponsored Insurance) pilot.
■ Expand chemical dependency (CD) services.
■ Explore more "pay-for-performance" incentives
■ Coordinate with the HCA, DOH and L&I on the new State Health Technology Assessment Program (SHTAP) program, and pilots for care management.

Output

so the agency can . . .

■ Improve information to manage care and monitor abuse, fraud and safety.
■ Increase drug abuse treatment capacity
■ Enroll 14,000 children in CHP by October 2006.
■ Implement more patient-centered disease management and care-management models for high-cost patients.
■ Implement new mental health contracts in accordance with legislative directives.
■ Achieve additional savings through cost containment and implementing evidence-based practices.

Immediate Outcome

so the state can. . .

■ Reduce uninsured rate for all children.
■ Manage care for chronic illnesses more cost-effectively.
■ Improve community aid, residential support, and employment for chronically mentally ill clients.
■ Integrate medical, mental health and chemical dependency treatment delivery systems
■ Reduce medical assistance programs' per-capita growth.

Intermediate Outcome

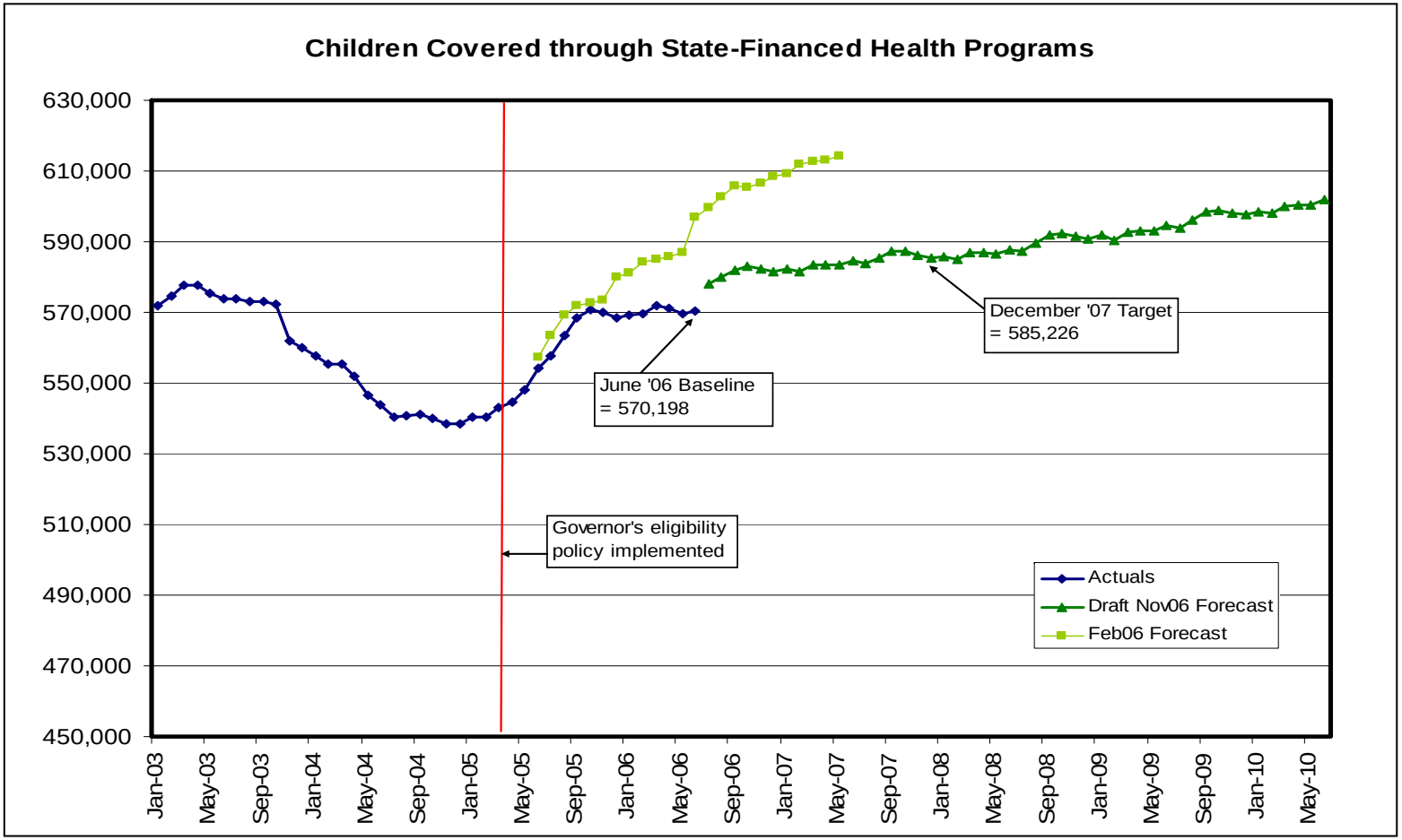
. . . so that . . .

■ Clients obtain preventive care and reduce avoidable deaths and chronic medical conditions.
■ People with chronic illnesses and mental illness receive appropriate care management and support.
■ People with chemical dependencies get appropriate and timely services that allow them to stay engaged in a productive life.

Ultimate Outcome

Governor's Health Care GMAP

What is the status of the children's health coverage expansion?



Data notes: *DSHS MMIS eligibility file and HCA Basic Health enrollment file. A given month will not be reported until three months have elapsed. To ensure complete counts, each month will be retroactively updated for one year. For additional information, see Appendix Slide A.*

STATUS Y

Governor's Health Care GMAP

What is the status of the children's health coverage expansion?

Indications from draft November 2006 Caseload Forecast Council projections:

- Increase in the percentage of optional children and other indicators suggest the possibility of income growth in this population.
- It appears that field staff are becoming adept at routinely and accurately verifying income data.
- Nationwide, SFY06 growth in all Medicaid enrollment was 1.6%. The national forecasted growth rate was 3%.
- Washington's SFY06 growth in Medicaid enrollment was 3.3%; for all covered children it was 4.8%.

Further actions:

- HRSA is working with CMS to clarify how we can use TXXI fund with local match for outreach.
- We will know more about Blue Ribbon Commission and POG recommendations next quarter.

STATUS Y

Draft State Population Survey data show a decrease from 2004 in the percentage of uninsured children.

Total Children

	2004		2006		Change In
	Number	%Total	Number	%Total	Percent
Uninsured	94,640	5.9%	72,572	4.4%	-1.5%
Private	965,552	59.9%	999,164	60.8%	0.9%
Public	551,747	34.2%	571,283	34.8%	0.5%
Total	1,611,939	100.0%	1,643,019	100.0%	0.0%

Children Up To 250% FPL

	2004		2006		Change In
	Number	%Total	Number	%Total	Percent
Uninsured	66,174	8.3%	45,468	6.2%	-2.1%
Private	237,785	30.0%	191,003	26.2%	-3.7%
Public	489,571	61.7%	491,617	67.5%	5.8%
Total	793,530	100.0%	728,088	100.0%	0.0%

While the percentage of uninsured children has decreased, the percentage of children with private coverage has also declined for children below 250% FPL.

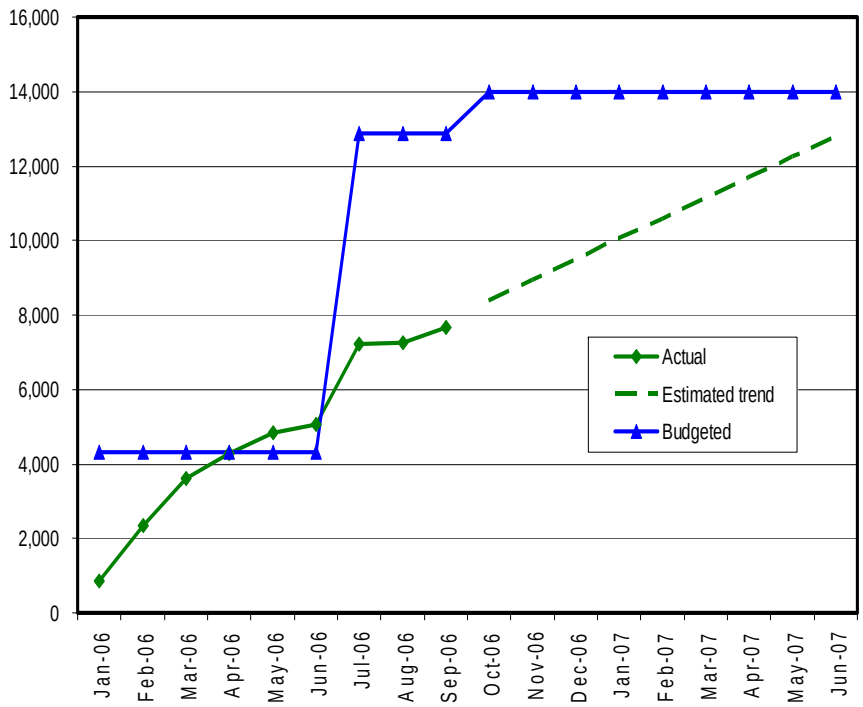
No conclusive data exist, but it is assumed that a material portion of uninsured children are non-citizens.

STATUS G

Data notes:.

HRSA: Increase the number of covered children

What is the status of the Children's Health Program expansion?



Analysis:

■Number of approved Children's Health Program (CHP) applications is below the original target:

- 43% of applications processed through September have been denied - the majority for income above 100% FPL.
- In the month of September, 62% of children denied for excess income were in families below 150% FPL.
- Since January, 28% of children denied for excess income were in families above 200% FPL.
- There is no longer a waiting list for CHP.

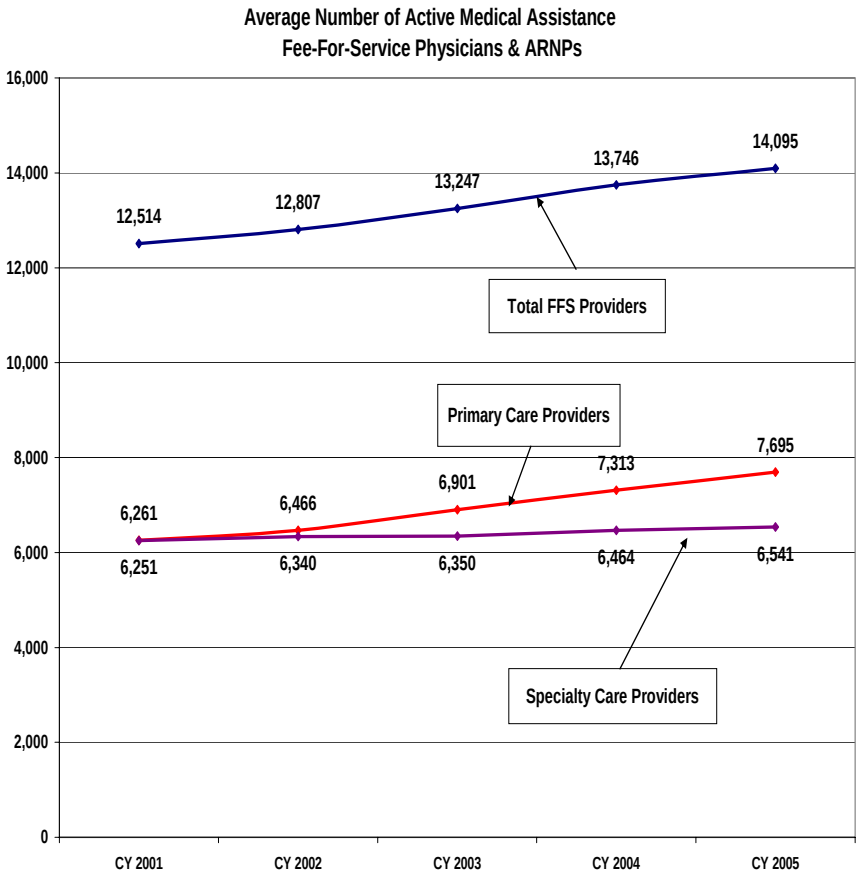
Actions	Who	Due
Evaluate caseload in conjunction with the POG/Budget process to determine best course of action.	DESD**	October/ November 2006

Data notes: *The Children's Health Program provides health care to non-citizen children in families with incomes up to 100% of the FPL. *See Appendix Slide B for additional information on denials. **DESD is the Division of Eligibility and Service Delivery within HRSA.*

STATUS R

Governor's Health Care GMAP

DSHS monitors Medicaid physician participation to ensure reasonable access to health care



Analysis:

• Calendar year (CY) 2005 data continued to show statewide sustainable trends in the numbers of providers.

• Total fee-for service (FFS) providers increased 2.5% in SFY05. Prior four-year trend was 3.2% per year.

Primary care providers increased 5.2%. Prior four-year trend was 5.3% per year.

Specialty physicians increased slightly - 1.2%. Prior four trend was 1.1% per year.

• Although statewide trends were positive, this was not the case across all counties.

Increase in primary care providers was broad-based. Only 6 rural counties (15%) had a decrease – representing 3.6% of the total FFS clients and 2.2% of the FFS providers

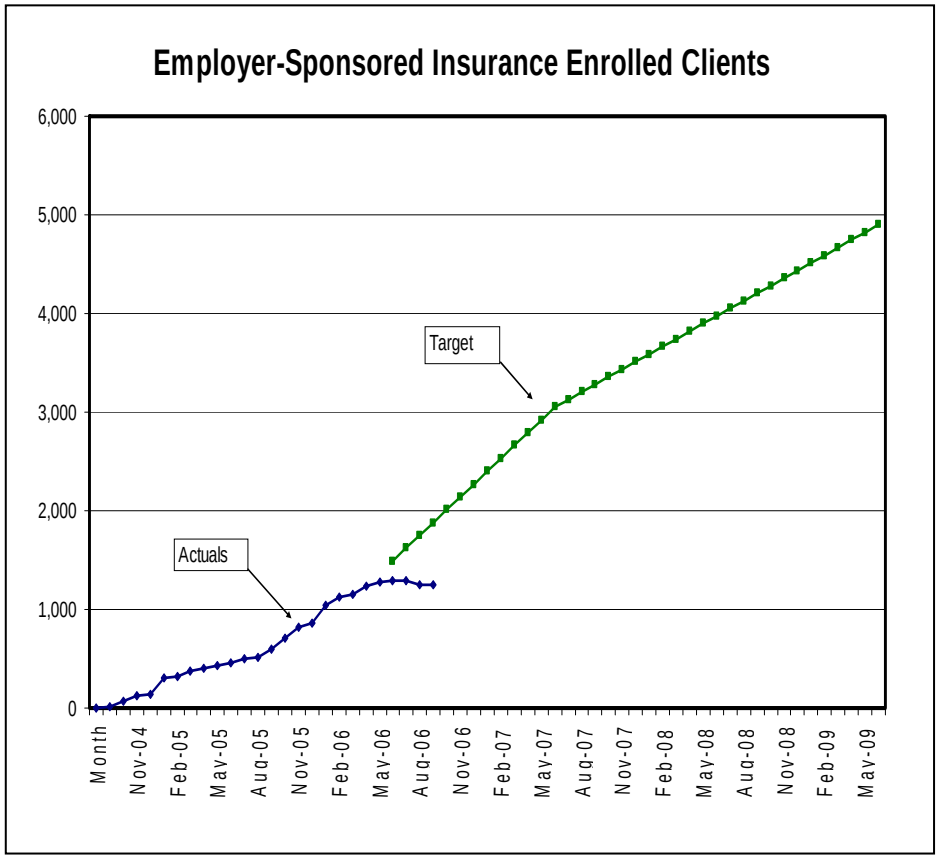
Increase in specialty care providers was not as broad-based. 17 counties (44%) had decreases – representing 26.4% of FFS clients and 18.9% of the FFS providers.

• While there has been an increase in the number of FFS providers, the top quartile of providers continues to provide 70% of all primary care.

Action items: HRSA will reconvene the Access Workgroup to develop enhanced access measures – no later than 12/06. Workgroup will give management strategies to deal with identified access problems in specific counties – no later than 6/07.

Governor's Health Care GMAP

What is the Status of the Employer-Sponsored Insurance Expansion?



Analysis

- Pays premiums for over 1,200 clients of which 93% are children.
- Premium plus wrap-around is averaging $92 per member per month (pmpm), compared to average Medicaid expenditure of $173 pmpm without employer coverage.
- Less than 30 percent of the eligible families participated due to restricted open-enrollment periods.

Actions	Who	Due
Project still not fully staffed. Hiring expected in November	Project manager	Nov 30, 2006
HRSA working with OIC staff on request legislation to make TXIX eligibility a qualifying event.	DFRD Asst Dir., Policy Dir.	April 07
Project staff has fully automated data matching process		done
Internal consideration of rule to require Medicaid clients to apply for employer insurance	Assistant Director	June 07

Data notes: *Medicaid Management Information System (MMIS) and ESI project's tracking system.*

STATUS Y

Health & Recovery Services Administration

Chronic Care Management Project is under way

Chronic Care Management Project (CCMP) was initiated to reduce costs and improve health outcomes to clients with chronic health conditions.

- HRSA released the RFP for CCMP in July, and received nine proposals September 1.
- Seven proposals were for Statewide Care Management, which includes predictive modeling. Two proposals were for Local Care Management.
- Predictive modeling conducted by United will identify the top 5% (approximately 3000) high risk clients from our Aged, Blind, Disabled population.
- Many of these clients will be referred for care management to local contractors. The rest will be managed by United where no local contract exists.
- In addition, the local contractors will provide support to the medical homes for all Aged, Blind and Disabled clients in their catchment area.
- Implementation will begin in January 2007.

Action plan:

- CCMP successful bidders will be announced in October.

Data notes:.

STATUS G

HRSA: Health Care Savings Exceed Projections

Summary of Evidence-based Medical Program Savings Initiatives in 2005-2007

HRSA Medical 05-07 Biennium Target Savings Performance Summary

Savings Initiative	05-07 Budget Targets (1)	SFY 2006 Targets (thru Jun06 - Month 12 of 24)	Savings to Date (thru Jun06 - Month 12 of 24)
Evidence-Based Utilization Management	$6,300,000	$2,334,452	$3,934,498
DME (Medical Nutrition / Incontinence Supplies)	$13,874,000	$4,497,000	$6,139,188
Expand PRR Program	$10,941,000	$3,452,800	$3,228,992
Increased Rebates & Recoveries	$4,491,000	$2,481,000	$3,413,415
Total Biennium Target	$35,606,000		
Biennium To Date:		$12,765,252	$16,716,093

NOTES:

Budgeted Savings Targets by Fiscal Year	SFY 06	SFY 07
Evidence-Based Utilization	$2,334,000	$3,966,000
DME	$4,497,000	$9,377,000
PRR Program	$3,453,000	$7,488,000

Analysis:

- DME savings started late, however the current savings monthly level assures that targeted savings level will be achieved in current and ensuing fiscal years.
- Recoveries are exceeding original savings estimates.

Action plan:

- HRSA/Division of Finance and Rates Development and Division of Benefits and Care Management will continue to monitor costs, utilization and savings. Ongoing.

Data notes: *Source of data is MMIS claims through May 2006.*

STATUS G

APPENDIX

- Supplementary slides and data

Health & Recovery Services Administration

Children's enrollment trends in Medicaid, SCHIP and Basic Health

GMAP - State Financed Health Care Coverage for Children									
Month	Medicaid				State Children's Health Insurance Program	Children's Health Program	Basic Health Program	Total Children's	
	Children's Medical (incl. Foster Care, Adoption Support)	Family Medical	Disabled Children	Pregnant Women				Total Enrollees	Increased Enrollment from March05 Baseline
Jul-04	311,845	185,212	16,154	2,066	11,968	0	13,223	540,468	
Aug-04	310,405	186,291	16,232	2,074	12,460	0	13,286	540,748	
Sep-04	309,351	187,041	16,260	2,056	13,198	0	13,349	541,255	
Oct-04	307,542	186,973	16,277	2,047	13,575	0	13,454	539,868	
Nov-04	305,278	187,448	16,248	2,049	13,835	0	13,439	538,297	
Dec-04	304,755	187,642	16,302	2,037	13,895	0	13,651	538,282	
Jan-05	305,156	188,767	16,369	2,062	13,859	0	14,111	540,324	
Feb-05	304,898	188,850	16,421	2,048	13,936	0	14,414	540,567	
Mar-05	305,924	189,678	16,454	2,093	14,180	**0**	14,647	**542,976**	
Apr-05	309,360	189,055	16,458	2,088	12,687	0	14,867	544,515	1,505
May-05	313,711	188,020	16,458	2,080	13,051	0	14,867	548,187	4,928
Jun-05	320,796	186,984	16,496	2,080	13,079	0	14,807	554,242	10,697
Jul-05	327,284	184,184	16,555	2,095	12,997	0	14,403	557,518	13,094
Aug-05	333,338	184,301	16,600	2,096	12,871	0	14,136	563,342	20,366
Sep-05	339,246	183,877	16,632	2,087	12,653	0	13,887	568,382	25,406
Oct-05	343,199	182,774	16,687	2,090	12,293	0	13,889	570,932	27,956
Nov-05	344,313	181,329	16,711	2,072	12,006	0	13,694	570,125	27,149
Dec-05	343,345	180,960	16,695	2,071	11,844	0	13,557	568,472	25,496
Jan-06	342,692	181,384	16,724	2,121	11,804	862	13,767	569,354	26,378
Feb-06	342,170	180,771	16,739	2,099	11,836	2,330	13,705	569,650	26,674
Mar-06	343,118	180,767	16,774	2,130	11,892	3,614	13,782	572,077	29,101
Apr-06	344,595	179,827	16,754	2,118	10,090	4,285	13,337	571,006	28,030
May-06	343,745	178,757	16,764	2,132	10,476	4,839	13,043	569,756	26,780
Jun-06	343,202	177,863	16,785	2,138	10,869	6,421	12,920	570,198	27,222

Data notes: *MMIS, Basic Health tracking*

Health & Recovery Services Administration

What is the status of the Children's Health Program?

CHILDREN'S HEALTH PROGRAM ENROLLMENT STATUS - through SEPT 30, 2006	Children	
	Number	Percent
Enrolled	7,653	57.3%
Total Denied Applicants [1]	5,692	42.7%
- Denied due to Income	2,820	49.6%
- Denied due to failure to complete application	2,067	36.3%
- Other [2]	805	14.1%
Total Applications Processed	13,345	100.0%
Applications In Process [1]	1,175	
Total	14,520	
Notes -		
[1] The counts of children are based on the ratio of enrolled children to the number of assistance units.		
[2] "Other" includes children over age for the program or who were eligible for other programs		

CHP APPLICATIONS DENIED DUE TO INCOME		
Household Income As Percent of Federal Poverty Level	Children through September	
	Number	Percent
100% - 109%	260	9.2%
110% - 119%	243	8.6%
120% - 129%	268	9.5%
130% - 139%	232	8.2%
140% - 149%	185	6.6%
150% - 159%	222	7.9%
160% - 169%	177	6.3%
170% - 179%	168	5.9%
180% - 189%	142	5.0%
190% - 199%	136	4.8%
+200%	787	27.9%
Total	2,820	100.0%

Actions	Who	Due
Program staff will monitor program status.	Program manager	Ongoing

Data notes: *DSHS ACES eligibility data*

STATUS R

Health & Recovery Services Administration

What is the status of Medicare Part D co-payments?

Part D CoPay Usage as of August 16, 2006						
Month of Adjudication	Claims	Paid Amount	Number of Users	Percent Usage by Dual Eligibles	Avg Claims per User	Avg Cost per Claim
March-06	245,917	$ 489,048.62	46,122	47.9%	5.33	$1.99
April-06	265,542	$ 520,082.64	49,315	51.6%	5.39	$1.96
May-06	292,754	$ 574,698.56	51,406	54.0%	5.69	$1.97
June-06	281,214	$ 544,385.61	50,814	53.8%	5.53	$1.94
July-06	266,332	$ 515,869.54	49,582	53.2%	5.37	$1.94
August-06	88,171	$ 170,537.70	27,439		3.21	$1.93
Summary	**1,439,930**	**$ 2,814,622.67**	**49,448**		**5.46**	**$1.96**

Analysis:

■ **The Governor directed DSHS to pay the cost of Medicare pharmacy benefit co-payments for clients eligible for both Medicare and Medicaid.**

- Amounts paid are less than originally estimated (approx $1million/month).
- DSHS has paid co-payments for an average of 49,448 dual eligible clients each month, at a total cost of $2.8 million.

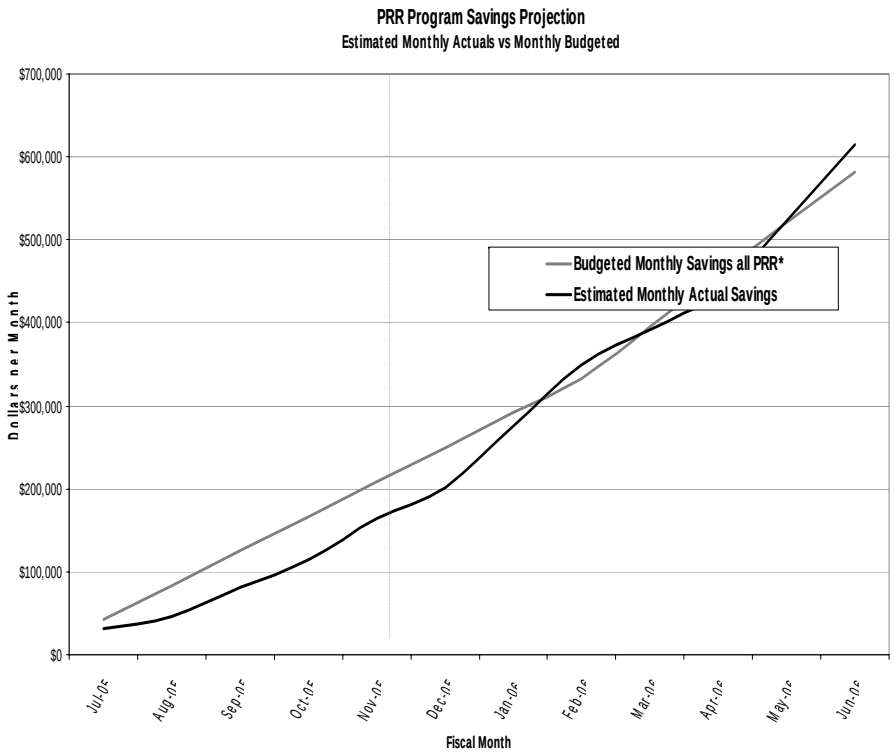
Actions	Who	Due
DSHS continues to analyze claims paid on a daily basis	DSM* - HRSA	Ongoing

Data notes: Source MMIS claims data.
*DSM is the Division of Systems and Monitoring within HRSA

STATUS G

Health & Recovery Services Administration

Expand PRR program to reduce inappropriate use of Medicaid services



Savings Goal, Analysis & Action Plan

- $10.6 million ($5.3 million GFS) savings goal in current biennium.
- HRSA staff work with clients meeting Patient Review & Restriction criteria to limit care to a single primary physician and pharmacy. Savings target assumes PRR enrollment of 1,500 clients by July 2006.
- With added staff resources in FY06, PRR initiative is presently exceeding monthly goals:

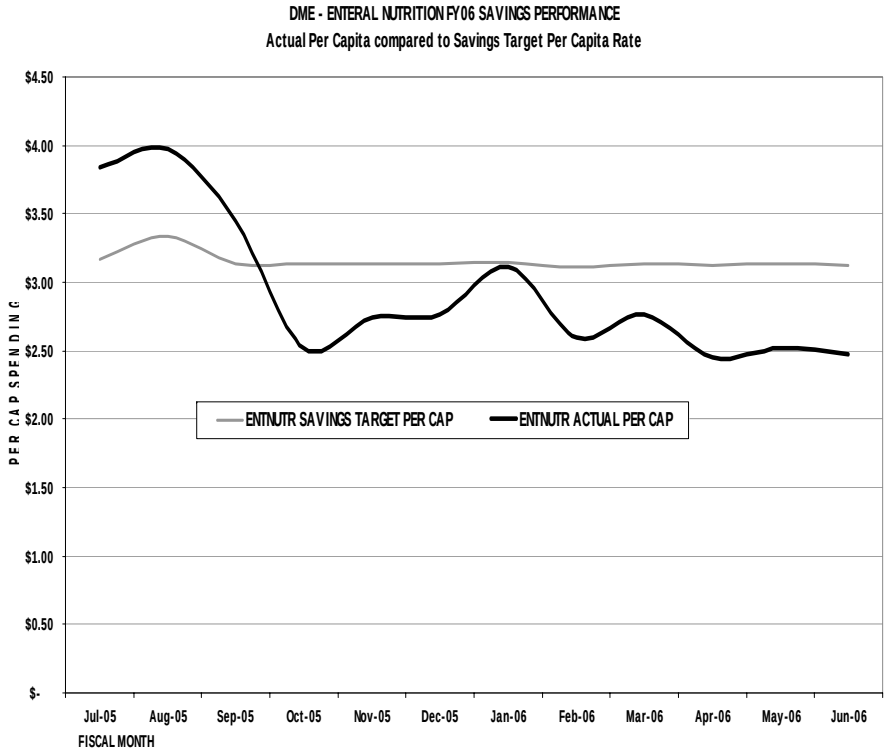
	Clients	Savings / Month
Jun 06 goal:	1400	$582,400
Jun 06 actual:	1480	$615,700

- There are also ongoing efforts to educate clients and increase provider participation.
- HRSA tracks PRR implementation and related savings on a monthly basis as part of the administration's internal reporting efforts.

Data notes: *DSHS MMIS claims data and PRR evaluation and monitoring system*

Health & Recovery Services Administration

Use protocols & rates to assure appropriate use of medical nutrition services



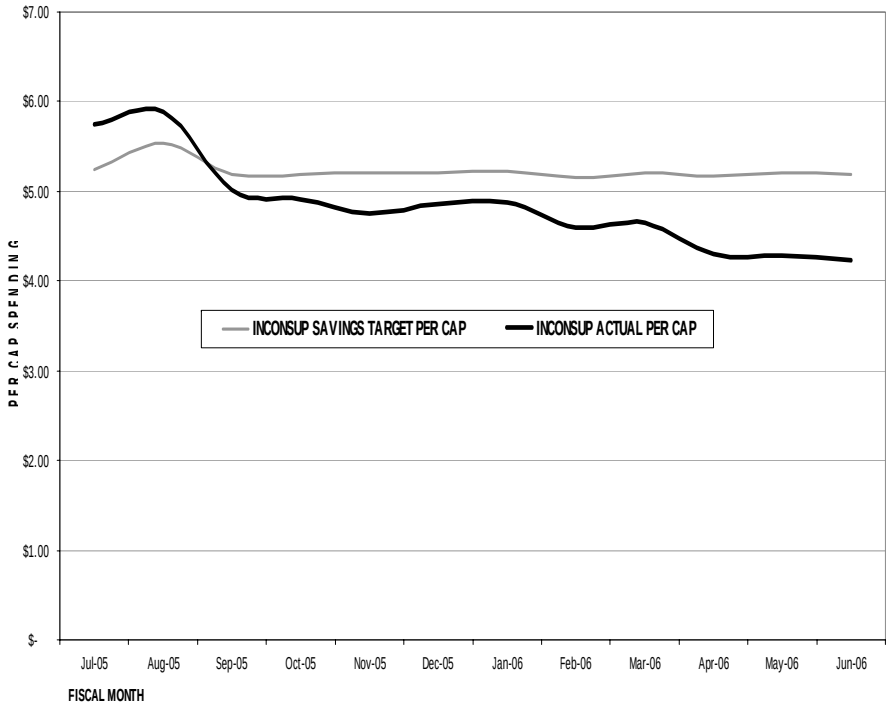
Savings Goal, Analysis & Action Plan

- $5.2 million ($2.6 million GFS) current biennium savings goal.
- HRSA is developing new protocols and restructured rates pertaining to medical nutrition (MN) services.
- Goals include [1] establishing clear guidelines for scope of coverage defining who should receive oral MN services, which service is appropriate, and how best to deliver the service, and [2] establishing criteria for Prior Authorization (PA) and Expedited Prior Authorization (EPA) to ensure clients who need MN services will continue to receive them.
- Medical nutrition rates were reduced 9/1/05 and prior authorization was required for enteral nutrition beginning 10/1/05, along with policy changes.

Data notes: *DSHS MMIS claims data*

Health and Recovery Services Administration

New DME purchasing strategies for incontinence supplies, wheelchairs, etc.



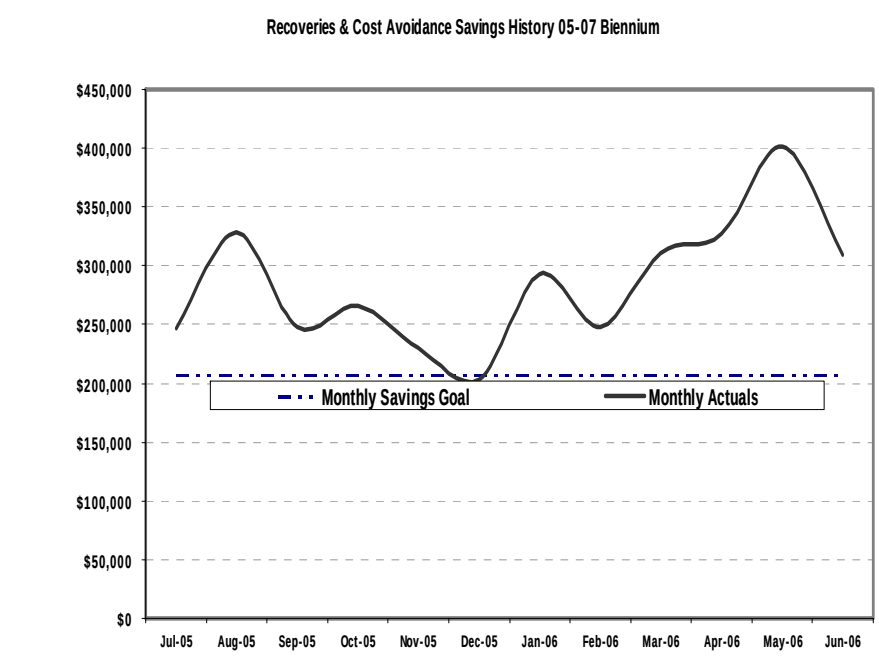
Savings Goal, Analysis & Action Plan

- HRSA has a savings goal of $8.4 million ($4.2 million state funds) related to Durable Medical Equipment expenditures this biennium.
- To control these costs, HRSA will reduce incontinence supplies, wheelchair, and other medical equipment outlays through the use of new rates structures, limits on certain supplies available to clients during a given time period, and options regarding the disposition of wheelchairs used by clients (rent, buy, loan).
- Rates for incontinence supplies were reduced on 9/1/05.

Data notes: *DSHS MMIS claims data*

Health and Recovery Services Administration

Improve collection efforts & increase provider audit and review activities



	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06
Monthly Savings Goal	$206,750	$206,750	$206,750	$206,750	$206,750	$206,750	$206,750	$206,750	$206,750	$206,750	$206,750	$206,750
Monthly Actuals	$247,046	$327,913	$248,009	$266,368	$230,445	$203,597	$293,177	$247,578	$310,219	$327,718	$401,584	$309,761

Savings Goal, Analysis & Action Plan

- With passage of the FY 06 Supplemental budget, savings targets are reduced to $4.491 million ($2.246 million State) for the Biennium.
- The initial $14.3 million in 05-07 budgeted savings assumed drug rebates could be applied as current period savings. In fact, rebates are applied on modified accrual basis against original month of service and most savings are credited to prior budget periods.
- Two FTEs were funded to increase third-party liability and provider audits. The balance of savings from original budget estimate will be realized through this effort.
- Monthly HRSA internal reports will track savings from increased third-party recovery efforts and expanded provider audits.

Data notes: *DSHS MMIS claims data*